GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Lands - APIIC - M/s. Krishnapatnam Infratech Private Limited - Change in line of activity from multi product SEZ to multi product industrial park subject to withdrawl of the court case and duly obtaining the specific timelines for implementation of project - Orders - Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Ms.No.114 Dated:09.11.2023.

Read the following:

1. Letter No.ZO/APIIC/NLR/KP Infra/2009, dt.23.09.2009 and 10.09.2010.
2. Govt. Letter No.2461/INF.A2/2009, Ind. & Comm. Dept., dt.23.12.2009.
3. No.F.1/16/2009-SEZ, dt.10.03.2010 of the Director, Ministry of Commerce & Industry, Department of Commerce, Government of India, New Delhi.
4. Letter No.ZO/APIIC /NLR/Krishnapatnam Infra/2009, dt.19.10.2019 of the Z.M., APIIC., Nellore.
5. Orders dt.25.10.2019 of the Hon'ble High Court of A.P. in W.P.No.16797/2019 filed by M/s. Krishnapatnam Infratech Private Limited (KPIL).
6. From the CEO., M/s. Krishnapatnam Infratech Private Limited (KPIL)., dt.24.11.2022 and 29.11.2022.
7. Minutes of the State Investment Promotion Board meeting held on 30.10.2023.

ORDER:

In the reference 1st read above, the APIIC had allotted land measuring an extent of 4731.15 acres in three spells to M/s. Krishnapatnam Infratech Private Limited (KPIL) for establishment of Multi Product SEZ (MPSEZ). In the reference 2nd read above, Government has requested the Ministry of Commerce & Industry to accord formal approval in favour of M/s. Krishnapatnam Infratech Private Limited to set up the Multi product SEZ at Chillakur Mandal, Nellore District. In the reference 3rd read above, the Director, Ministry of Commerce & Industry, Department of Commerce, Government of India, New Delhi, has accorded formal approval for setting up of Multi product SEZ at Chillakur Mandal, Nellore District by M/s. Krishnapatnam Infratech Private Limited. The Company has obtained formal approval of SEZ for 2,528.00 Acs (1,023.000 Ha) only out of 4,731.15 Acs based on the sale deeds executed in their favour.

(P.T.O.)

2. MD, APIIC informed that even after a lapse of (4) years, as there was no progress of implementation of the Project and no development of any infrastructure in the land allotted to the Company, Show Cause Notices were issued by APIIC on 07.05.2012 & 31.01.2013. APIIC has requested Govt. on 26.02.2011, 06.01.2012, 19.08.2012 & 19.10.2012 for MoU/Agreement & modalities entered with M/s.KPIL to examine the request of the Co., on which Govt. vide Letter dt.29.12.2012 have informed that no MoU/Agreement was entered with M/s.KPIL for allotment of land. Final SCN was issued to the Co., on 31.01.2013 for non-implementation & violation of terms & conditions of allotment., on which, M/s.KPIL has responded on 23.02.2013 stating that the allotted land is not a compact block, they are in the process of conducting survey to lay pipeline from Kandaleru Reservoir and as the land is far from seaport the industrialists are not preferring it. Subsequently, vide their Lr.dt.26.03.2013, the Co., has requested to change Clause 9 (c) of Agreement of sale. In their another Lr.dt.07.06.2013, the Co., has furnished timelines for implementation of their Project at first 3 years for Infrastructure development and from 4th to 8th year they would develop 50% of land and after that the remaining land would be developed along with the land requested from APIIC. Subsequently, the APIIC Ltd., vide their Lr.dt.02.02.2014 has furnished the performance audit report to Govt on the land allotment to KPIL informing the breaches of T&C of Agreement of Sale & Sale Deeds, by not utilising funds barrowed on pledging the property for the purpose of implementing the Project and also not making substantial progress in implementation, thus, attracting penal actions by APIIC.

3. MD, APIIC has further informed that after seeking permission from the Government from time to time to issue necessary permission for cancellation & resumption of lands allotted and subsequently, as per the decision of 221st Board of APIIC Meeting held on 12.09.2019, cancellation orders were issued to M/s.KPIL on 19.10.2019 and the possession of the land was resumed on the same day i.e. on 19.10.2019. In response, M/s.KPIL fled W.P.No.16797/2019 challenging the cancellation orders issued by APIIC. The Hon'ble High Court has issued status quo orders on 25.10.2019.

4. Meanwhile, M/s.KPIL vide their representation dated 01.09.2022 addressed to Govt. has requested to withdraw the cancellation order issued vide APIIC Letter dt.19.10.2019 to go ahead with the development proposal and requesting allotment of balance extent of

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1,300 Acs in various pockets which are yet to be registered by APIIC. In this regard, MD, APIIC informed that the said land measuring 1,205.71 Acs along with other lands has already been proposed for *"CBIC Krishnapatnam Node"* and further, KPIL raised loans from various financial institutions without the knowledge of APIIC and sold certain extents of vacant land to 3rd party Companies and concluded that, in view of non-implementation of the Project in spite of sufficient time & opportunity and raised huge loans on the lands allotted & diverting funds, it is not considerable for further allotment of 1,300 Acs.

5. Further, the M/s. Krishnapatnam Infratech Pvt. Ltd., represented vide reference 6th that it has proposed to develop Multi Product Industrial Park in three phases on the above said lands, in the Sectors of Pharmaceuticals, Renewable and non-renewable energy, Solar power, Medical devices, Electronics, White goods, Telecom & Networking equipment, Automobile 7 Auto components, Textiles and Toys manufacturing, as the project location has multiple advantages such as proximity to Krishnapatnam port being an intersection point for both CBIC and VCIC and having very good connectivity to multiple demand centres and thus requested the Govt. to withdraw the cancellation orders issued vide Lr.No.ZO/APIIC/NLR /Krishnapatnam Infra/2009, dt.19.10.2019 of Z.M., APIIC Ltd., Nellore, and also requested to accord permission to go ahead with the proposal as stated above. The company further explained that the primary reason for not able to set-up or obtain notification for MPSEZ is the lack of geographic contiguity for at least catering to the minimum required limit of 2,500 acre in the allotted area of 4,731 acres given by APIIC to KPIL {For the purpose of setting up an MPSEZ, as per the SEZ Rules, 2006, there has to be a minimum extent of 1,000 hectares (2,500 acres), thereafter, revised to 500 hectares (1,250 acres) with geographic contiguity}. As per SEZ Rules, no LoA for any SEZ unit will be issued till the entire measures to establish contiguity and securitization of the processing area are completed. Thus, in the above case, the conditions w.r.t. Contiguity are not fulfilled by the allotment of 4,731 acres. For establishment of a Special Economic Zone, through State Government, among other things, in accordance with Rule 4(5) of SEZ Rules, 2006, the State Government, at the time of recommending the proposal, should commit to provide the facilities and incentives such as exemption from State and local levies, exemption from electricity duty, single window clearance under the

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State Laws etc. The Developer should be provided legal possession and irrevocable right by the State Government for the proposal to be qualified for the notification of the area as an MPSEZ. The idea of insistence of legal possession and irrevocable right of the land-in-question in the hands of Developer by Deptt. of C&I, as envisaged in SEZ Rules, is to avoid land title or related issues during the implementation of the project or subsequently during operation of MPSEZ that may arise owing to issues pertaining to possession and interest of developer over the lands. It is in that regard, as a matter of abundant caution, the Deptt. of C&I, GoI, imposed the precondition; seeking recommendation of the State Government that the land is legally possessed by the developer and free from any encumbrances. APIIC executed sale deed to fulfill this criterion. All the lands allotted to KPIL are specifically meant for development of MPSEZ and in the absence of MPSEZ, the lands cannot be utilized by KPIL for any other purpose without the approval of the Government. Hence, M/s. Krishnapatnam Infratech Private Limited (KPIL), has requested the Government on the following:-

i. Allotment of additional land Ac.1300 cts for contiguity purpose.

ii. withdraw/revoke the cancellation notice dt.19.10.2019 issued by APIIC

iii. change of line of activity from 'Multi product SEZ' to 'Industrial Park'

6. In the reference 7th read above, the proposal has been placed before the State Investment Promotion Board (SIPB) meeting held on 30.10.2023 with the recommendations of the State Investment Promotion Committee (SIPC) meeting held on 20.10.2023. The SIPB has discussed and agreed the following:-

i. Change in line of activity from Multi Product SEZ (MPSEZ) to multi product industrial park, after withdrawal of Court cases by the firm and vacation of status quo orders by the Court, duly obtaining the specific timelines for implementation of project.

ii. SIPB has not agreed to additional 1300 acres of land as requested by the firm, as the lands are being developed by APIIC under Chennai- Bangalore Industrial Corridor.

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7. Government after careful examination of the proposal, hereby accord permission to M/s. Krishnapatnam Infratech Private Limited for change in line of activity from Multi Product SEZ to Multi Product Industrial Park, after withdrawal of Court case by the firm and vacation of status quo orders by the Court, duly obtaining the specific timelines for implementation of project by the M/s. Krishnapatnam Infratech Private Limited (KPIL).

8. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited shall take necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N. YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The VC&MD, APIIC, APIIC Towers, 9th to 11th Floors, Plot No.CFC-1, IT Park, Mangalagiri, Guntur District, A.P. - 522 503.
The Commissioner of Industries, APIIC Towers, IT Park, Mangalagiri, Guntur District, AP
Copy to:
The CEO., M/s. Krishnapatnam Infratech Private Limited, Plot No.379, 1st Floor, Road No.10, Jubliee Hills , Hyderabad-500033
The General Administration (Cabinet) Department, A.P. Secretariat, Velagapudi.(W.r.t. the Council Resolution No.344/2023,dt.06.11.2023.)
The P.S. to Special Chief Secretary to C.M., A.P. Secretariat, Velagapudi.
The P.S. to Hon'ble Minister (III&C and IT), A.P. Secretariat, Velagapudi.
The P.S. to Chief Secretary to Government, A.P. Secretariat.
The P.S. to Secretary to Govt & CIP, Ind. & Com. Dept., A.P. Secretariat.
SC/SF.

//FORWARDED BY: ORDER//

SECTION OFFICER